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ECONOMIC ASPECTS OF BRITISH AGRICULTURE.

The Honorable Joseph Chamberlain, in a recent Manchester speech, said of Great Britain: "After all, agriculture is the greatest industry of this country." The economist is not apt to class England as an agrarian state; but when we take Ireland, Scotland and Wales into account and recognize the risks run under present conditions of national feeling by any nation which allows its agricultural interests to be wholly sacrificed to industry and commerce, we then begin to appreciate that even for Great Britain agriculture may, at the present stage of her development, be fittingly said to be one of the foremost interests in British economic policy. It is not sufficiently known, as Mr. T. Lloyd has pointed out, that "the total annual value of the agriculture of the United Kingdom cannot be much less than £300,000,000—that is to say, that agriculture alone as a field of employment is far more important than the whole of the foreign trade that gives employment to British capital and British labor." *

The popular apprehension of facts such as this has at last served to bring about a remarkable change in the place of agriculture as a subject of governmental attention in England. I propose to point out some of the factors by which this change of attitude has been brought about. The fact of the change is indeed recent enough in its popular appreciation; but the forces which have figured in the process are not simply British: they are world-wide economic forces, and are now being pondered more carefully than ever. Agricultural changes always carry with them grave social consequences. Are any such consequences recognizable? Some of the main aspects of the subject, as

* "The Co-operative Annual," 1895, p. 321.

it stands to-day, will help toward a clearer grasp of the situation in England in particular and in the United Kingdom in general.

The fact of the changed position of agriculture is attested with singular unanimity in the political discussion more recently accorded the subject. During the last general election, by which the Government now in power came into office, the political addresses of candidates, with one accord, put relief to agriculture as the most prominent of the eleven leading subjects proposed in their discussions as features of public policy. This is evidently not due merely to the fear of losing votes, but rather to the foresight of statesmanship—of statesmen who have the sense to see a situation before they stumble into it.

The last ten years have been a period of deep and constant study of agricultural conditions both at home and abroad on the part of English politicians and publicists. To say nothing of Mr. Little's admirable special report on agricultural labor, in the Report of the Royal Commission on Labour, there have been within this period three most informing investigations on economic aspects of agriculture. The first was made by the Duke of Richmond Commission in 1879-82, on the causes of agricultural distress and its legislative remedies. The second is the report of Honorable Horace Plunkett of the Recess Committee covering the years of inquiry, 1893-97, on the establishment of a department of agriculture and industries for Ireland. Though intended for Ireland, this report must have opened the eyes of the English public with any interest at all in the matter, to the great gains which other European peoples were making in agricultural development, while England was virtually losing ground. The farming world of English-speaking peoples owes thanks to Mr. Plunkett for this marvelously compact and lucid document. We have, thirdly, the work of the Royal Commission on Agricultural Depressions, which finished its labors in 1897. These three documents, together with the

well-informed communications of the consular representatives of Great Britain in foreign countries and the annual reports of the Board of Agriculture, have turned the light of the civilized world's experience in agricultural enterprise upon the British mind as never before in its national history. Most of these documents have received some attention on this side of the ocean, but by no means has their value for our guidance been exhausted.

The effect of this series of inquiries has been one of awakening, of disillusionment. It has at last become apparent to the business sense of the English nation, and to what I might call the imperial consciousness, that domestic agriculture is at least an interest worth looking after. First, because the constant and steadfast decline in rural values is not only reconstructing the social constitution, but is rapidly drying up one of the main sources of public revenue, and of income to many of the nation's most cherished institutions. Secondly, because the transfer of the population from the country to the city, which agricultural depression and decline have enforced, not only reduces the absolute consuming capacity of the total population, but also renders the problem of unemployment increasingly difficult of solution and intensifies the pressure toward pauperizing a larger part of the displaced population. In 1885, Alfred Russell Wallace calculated that in the previous ten years two millions of people had been transferred from the country to the city—from a status in which as a whole their production exceeded their consumption to one in which they as a class consumed more than they produced. This process is still going on as a pauperizing factor. Sir Henry Burdett showed, in a paper recently read before the Royal Statistical Society of London, that while the cost of poor law relief per pauper in England and Wales was \$64 per year, the cost in the metropolis was over twice as much—\$131.25. "The cost to the rate-payers of 827,446 paupers in England and Wales in 1874 was

\$38,324,785; whereas the cost to them of 814,887 paupers, or 12,559 less in 1879, was \$52,160,945," * an increase in round numbers of thirteen and four-fifths million of dollars. Less than the number of 1874 now costs nearly twice that total. From this it is apparent that the burden of pauperism to the community is increasing; that the agricultural districts are in all probability shifting the burden upon the cities, and that the cities are realizing the miserable failure they are making with their surplus population, unable to earn anything and dislodged from any certain connection with productive society except through the work-house. Thirdly, not only the shrinkage in rural values by which the land-owner suffers, nor the depopulation of rural districts by which labor is driven toward the city work-house, but the most important economic factor yet—the operating farmer—is gradually succumbing to the adverse conditions under which he works. Like the peasantry of the seventeenth and eighteenth centuries, he is yielding to the economic forces against which he is not really free to act, or to adapt himself to them. Between the sinking level of prices of agricultural produce on the one hand and the hampering conditions of land-tenure and land-improvement on the other, the British farmer of rented lands is indeed badly off; and the owner who bought land, with limited cash capital in better times, to put into it, is, if anything, worse off still than the cultivating tenantry.†

It must not be thought, however, that the British farmers as a class are not masters of their business. In my opinion they are the best farmers in Europe, and are by all odds the best representatives of modern agriculture regarded as a business enterprise followed for the purpose of making a net profit upon an investment. Agriculturists, men who have put their capital and business ability into husbandry,

* Session of R. S. Society of London, November 15, 1898. "Old Age Pensions." By Sir Henry Burdett, K. C. B.

† D. Tallerman, "Agricultural Distress," Preface.

have never in the years since the repeal of the Corn Laws been a pet class in British economic policy. In fact, no other European farmers or no other class in Great Britain has received so little governmental attention, if we except Ireland. They have stood practically alone as a half-forgotten factor in the expansion of industry and commerce. A less self-reliant spirit than that of the working British agriculturist would have given up long since. The fact that he has not done so is due to the watchful enterprise and adaptivity which make him one of the foremost, if not really the first, farmer in the world in point of business ability. Historically this is certainly not an overestimate, as the history of European agriculture shows. One can only appreciate this by a study of the way in which he has met changes forced upon him in his prolonged competition with the entire agricultural world. His very life depends upon the skill, judgment and promptitude with which he handles the factors of production and manages the sale of his produce. But, master though he is in his own sphere, he cannot control what lies beyond. The movements which unmake him are not of his own making or unmaking.

A matter of primary import in the economics of British farming is the movement of cultivable land from grain-farming into pastoral uses. In 1895 over half a million of acres (500,539) of grain lands were abandoned, owing essentially to the unprofitable prices of cereals. The major part of this decrease was in wheat cultivation. Though the year 1898 shows a recovery of 219,523 acres,* still the astonishing fact remains that more than half of all the cultivated land of the United Kingdom is no longer under the plow. Pastoral lands are the largest category in acreage. During the past four years there has been taken from under the plow a total of 527,765 acres, an area equal to that of Leicestershire, which is an averaged-sized English county. During the past five years the pastoral area has

*The London *Times*, November 2, 1898, p. 13.

lost 187,224 acres. This figure therefore represents a withdrawal from the cultivable area entirely.

The present situation, as distinguished from the historical tendency, is briefly presented in the following table, taken from the Agricultural Returns of 1898, not including Ireland:

ARABLE AND PASTORAL LANDS, 1898.*

	England (Acres.)	Wales (Acres.)	Scotland (Acres.)	Great Britain (Acres.)
Arable lands	11,503,131	902,945	3,511,553	15,917,529
Pastoral lands	13,259,459	1,923,829	1,381,214	16,559,502
Total cultivated lands	24,757,490	2,826,774	4,892,767	32,477,031
Arable	46.5 %	31.9 %	71.8 %	49 %
Pastoral	53.5 %	68.1 %	28.2 %	51 %

What, in general, do these figures mean as to the economic position of Great Britain? First of all, they mean that her growing population must rely more and more upon the navy of the Empire to keep open her channels of vegetable food supplies. A preponderant navy is an indispensable economic instrument in British foreign and domestic policy—a necessity which the decline in agricultural resources has forced upon her. It is part of the mechanism of the world-market centred in and policed from the metropolis. France, as one of her representatives recently stated in an international conference affecting agrarian interests, has to adopt a different policy. She develops her agricultural resources by means of premiums and protective tariffs to a higher degree of independence of foreign supplies of subsistence just because she has no adequate navy by which

*In these figures arable lands include all areas in corn crops or grains, green crops, and areas under clover, sainfoin, and rotation grasses as well as flax, hops, small fruits, bare fallow or uncropped arable lands. Pastoral lands or permanent pasturage, include all grass-areas not broken up in rotation, but not mountain and heath lands much of which is used for grazing. These latter areas amount to 22.2 per cent of the total area of England, Scotland and Wales. The total cultivated lands—arable and pastoral—equal 57 per cent, and the balance (2,726,000) is returned as “woods and plantations.”—Agricultural Returns, 1898.

she can guarantee to herself the control of the highways of the sea.*

Nor does the concern of the British policy end with vegetable food supplies, in which the depression of prices has been acting continuously since early in the seventies. Equally necessary is it for her to insure an adequate control of animal food supplies, the foreign competition in which from early in the eighties has to a great extent made pastoral husbandry also unprofitable for the British farmer. Anyone who takes the trade journals' figures, of the number of cargoes of food supplies afloat for Great Britain at any given date in the year,† cannot but be impressed with the intimate connection between the imperial navy and the national subsistence. Sir Charles Beresford was economically consistent with the present condition of agriculture in saying some months ago, that if English statesmen knew their business they would have every available mechanic in the kingdom building warships. These facts and fears are being correlated in the popular mind as cause and effect. Twenty years of agricultural decline, first in grain production and then in the products of the pasture, may well have awakened something akin to an undercurrent of uneasiness in the spirit of the nation. Does not the root impulse toward an Anglo-American alliance really lie in the utter inadequacy of British agriculture? Is not the agricultural weakness of Great Britain the real cause of the more recently rumored concert of continental powers to make cereals contraband of war in case of international conflict?

These facts and those that lie back of them have another meaning apart from their general significance as given above. The contraction of the arable area has been going on for the last quarter of the century. If there is a limit

* Conference at Brussels on Question of Sugar Bounties, pp. 19-20. Parl. Papers. Commercial. No. 6 (1898).

† See, for example, Dornbusch's *Floating Cargoes Evening List*, which on a given date announced no less than 163 vessels afloat with cereals alone from the different ports of the world for Great Britain.

beyond which the interests of agriculture cannot become a negligible factor in the national life without undermining the efficiency of other functions of the national organism, there are at least some indications that this limit has already been reached. The main source of recruits for the army holding the outposts of the Empire has always been the rural population of the United Kingdom. But the years mentioned have wrought almost revolutionary changes in the agricultural classes—the land-owners, the working agriculturists and the rural laborers. The soldier of the future must come from the city of the present. Will he have the strength of national sentiment and the physical stamina of the armies which have made for England a world-wide field of free enterprise? If not, then the seeds of imperial impairment are really laid in the decay of domestic agriculture.

Let us now look at this land-movement as an historical tendency. The process which has taken 2,137,000 acres of arable land from under the plow in the last two decades, or rather since 1875, could not stop there. The economic consequences keep multiplying the more one studies the tendency in its manifold bearings. The increase in pastoral lands and the decrease in arable acreage at five-year intervals show the strength of the tendency during the period in question.

DIVISION OF CULTIVATED LANDS, 1875-1896.*

Years.	Arable acres.	Pastoral acres.	Total acres.
1875	18,104,000	13,312,000	31,416,000
1880	17,675,000	14,427,000	32,102,000
1885	17,202,000	15,342,000	32,544,000
1890	16,751,000	16,017,000	32,768,000
1895	15,967,000	16,611,000	32,578,000
Net changes . . .	-2,137,000	+3,299,000	+1,162,000

Thus far we have considered this tendency mainly from the standpoint of the sociological consequences arising from

* Final Report, Royal Commission on Agriculture, p. 21, 1897.

it. Among the more strictly economic consequences of such a movement one of the most noteworthy is this, that the increase in pastoral acreage of about three and a quarter million of acres is not accompanied by an increase in the home production of meats or dairy products. As a matter of fact, the home produce of live stock has remained stationary during the twenty years since 1878, with the exception of the past few years, which show some gain in cattle, sheep and pigs.* But the total foreign meat produce has risen from about one-fifth in 1878 to one-third in 1898, of the total consumption; so that the position of agriculture has not been improved in this respect, in relation to the importation of meat products. The number of cows is now less than in 1875 per thousand of population. Still more significant is the statement with reference to dairy and other products taken as a whole—products closely connected with the pastoral productivity of the land. The calculations made as late as 1895 give the situation substantially as it is to-day. The three main products of pasturage are meats, dairy produce and wool. The changed position of each of these in the agricultural economy of the United Kingdom is indicated by the following summary:

PASTORAL PRODUCTS, DOMESTIC AND IMPORTED,† 1876-78 AND 1893-95, COMPARED.

	Domestic produce.	Imported produce.	Percent- age of domestic.
Meats, 1876-78 .	1,326,000 tons	336,000 tons	25.3
Meats, 1893-95 .	1,374,000 “	689,000 “	50.1
Milk products,‡			
1876-78	1,203,684,000 gals.	686,466,000 gals.	63.7
Milk products,			
1893-95	1,272,620,000 “	1,341,351,000 “	48.7
Wool, 1876-78 . .	144,757,000 lbs.	208,608,000 lbs.	40.8
Wool, 1893-95 . .	125,604,000 “	349,780,000 “	26.4

* The London *Times*, November 2, 1898, p. 13; and Final Report of R. C. on Agriculture, pp. 64-79.

† Final Report of Royal Commission on Agriculture, Sections 211-268.

‡ Milk products include milk and milk-produce (butter, cheese and margarine) reduced to their equivalent in gallons of milk.

The least that these figures can be said to imply is that pastoral enterprise has not been developing at the rate at which the agricultural resources of the kingdom have been passing under its control. The fact is that the regime of cereal culture has been so rapidly contracting that pastoral enterprise has not yet been able or willing to utilize its opportunities. A slight rise in the prices of the staple English cereals even at this juncture almost immediately revives that branch of farming, so tenacious is the English farmer in his preference for that class of crops. The only way to cure this pardonable bias is to kill out the present generation of farmers—financially I mean—and to continue the low level of grain prices long enough to convince landlords that there is no hope of remunerative return to the crops which their now antiquated leases in many cases still require as a condition of letting land at all.

The transfer of land from tillage to pasturage has not therefore been accompanied by any considerable gain in economic resources actually utilized. These resources are in a transitional position—lost to one system of rural economy and not yet employed by the other. Hence in a true sense the total utility of the productive factors in agriculture has possibly reached its lowest ebb. This transfer has not been marked by any noteworthy transfer of capital which pasturage as distinguished from cultivation requires. On the contrary, this movement of land has been characterized by one of the most depressing losses in capital values to be found anywhere in modern economic history. Credit has consequently depreciated alarmingly, so far as it is based on agricultural wealth or incomes. "The confidence of the public in agricultural lands as a security for investments has been so thoroughly shaken that it does not now command anything like the same number of years' purchase that it did some years ago."

Nor is this the end of depreciation. The transition to pasturage entails further loss and requires new outlays.

It takes ten years to make the transfer to profitable permanent pasturage under favorable conditions of season and soil. The depletion of farm capital is still further increased by the reduction in the volume of circulating capital as wages. A wage-charge of \$10 per acre has not been unusual in British farm accounts. It is estimated now that this transfer to pasturage has reduced the outlay for wages by one-half. As it takes half as much labor for dairying as for tillage, and less than half for stock-raising, there is a reduction in ready capital required of \$10,000,000 in the labor bill of the farmer in a single year. Nothing is as yet said of the great decrease in outlay for fertilizers and manures, which is both cause and effect of this transfer.

The fiscal aspect of the agricultural situation is by no means satisfactory. As already stated, the depreciation of agricultural capital has proceeded more rapidly than the assessed valuations for purposes of taxation. On the authority of Sir Robert Giffen and Sir Alfred Milner,* the capital value of agricultural lands in 1875 must have been somewhat more than ten thousand million of dollars (£2,007,330,000). In 1894 it could not have been over five thousand million (£1,001,829,212). This depreciation of one-half has not been adequately recognized in the valuation of lands for fiscal purposes. The gross annual value of lands, according to the income tax assessments of 1893-94, was upward of \$200,000,000 (£40,000,000). The Local Government gave the ratable value of the agricultural lands of England and Wales for 1896 at \$122,815,000 (£24,563,000), showing a shrinkage in the basis of taxation of 39 per cent on agricultural lands, though the capital value of the same property has declined meanwhile as much as 50 per cent. In 1875 it was usual to rate the capital value of land assessed in the income tax schedule at thirty years'

* Final Report of Royal Commission on Agriculture, pp. 21-25. Compare 27th Ag. Report of Great Britain, 1897-98, p. clxiv.

purchase. Now the same class of incomes is capitalized at only eighteen years' purchase.

Of course the cause of causes now assigned for these changes in this branch of British industry is the fall of prices brought about by rapid expansion and improvements in agricultural production in new districts favored by cheap, quick and effective modes of transportation of grain first, then meats, then dairy products, and lastly fruits and vegetables otherwise perishable or unconsumable where originally produced. The economist is primarily interested in tracing the extent to which this fall of prices has affected the different claimants to price-distribution. For, it is evident that with any great change in the level of the price of agricultural produce there must come a re-distribution of the rentals which go to ownership, of the rate of interest paid to capital employed, of the wages of labor and of the profits paid to managing ability as supplied in the English system of agriculture by the operating farmer.

One of the first noteworthy effects of the agricultural depression in England, upon the economic distribution of the values of produce of the farm, is the so-called disappearance of strictly economic rent. While theoretically no such result can take place as long as land remains in productive use within the margin of no-rent land, practically the landlord is getting no return on what he paid for his land and not any more than the lowest rate of interest on its improvements. If we put it the other way and say that he gets economic rent for the differential advantage in ownership of any particular tract, and that the investment in improvements pays him nothing, the fact remains the same, namely, that about the half of his investment brings him no return. This is the case, over a very considerable part of the country, where the land-owners are not even receiving the equivalent of an ordinary rate of interest upon the cost of erecting buildings, fences, etc., as good as the ones now existing. On thirty-four estates, during a period

of seven years, the average net income after paying all expenses required of the landlord, was 60.8 per cent of the gross rentals, in England and Wales, and 70.4 per cent in Scotland. That is, of the gross returns on the capital outlay on improvements upon these estates nearly 40 and 30 per cent respectively, had to be immediately returned to preserve the properties from depreciation or to keep them in productive and rentable condition. This does not, however, include outlay for permanent improvements required from year to year—an expenditure which on these particular estates amounted to 15.6 per cent of gross rentals on the English and Welsh estates and to 12.8 per cent on the Scotch estates. The net rent was therefore not more than a quarter of the total rentals received.

The economic import of this is self-evident. There is little, if any, opportunity to accumulate agricultural capital under these conditions of production. The financial position of the owner of agricultural land is, however, not a secure one without such reserve resources, especially in periods of transition like the present, when necessary improvements in farm-equipment are required to save what is already irrevocably invested. The position of the owner is still worse where family charges or other fixed charges encumber the owner. These fixed charges are especially burdensome where they have been based on rentals largely above what the land would now justify at the current value of its yield.

The economic position of the tenant farmer may truly be described in many of the best agricultural counties in Great Britain, as lying between the upper millstone of falling prices and the nether millstone of competition with his fellow-farmers for holdings. This leads to the rack-renting system and tends to reduce the once high character of husbandmen to the level of the Irish type of tenantry of some years ago. This condition effectually blocks prosperity; it really undermines the constitution of agrarian society.

For it results in excessive rents, the failure to pay which destroys the economic independence and responsibility of the tenant. The class in this situation is in no position to accumulate capital or to use it, if it were able to accumulate it. The methods of cultivation must deteriorate in the hands of such a type of cultivators. Hence the arable domain passes all the more rapidly out of the margin of profitable cultivation, not only for want of cultivating capital, but equally for want of cultivating capacity. F. A. Channing, M. P., in his "Truth About Agricultural Depression," sums up the situation as follows: "The analysis of the accounts furnished by farmers and from the great estates makes it certain that, in the great majority of cases, rents have not yet been reduced to the point at which the economic loss from fall of prices would be fairly shared between landlord and tenant, and in consequence of this, landlords are still drawing rents which in many cases are largely paid out of the tenants' capital, and which in most cases absorb practically the whole profits which farmers might otherwise obtain, and deprive them even of the most modest return from their capital invested in farming." * The case is, of course, quite otherwise with such landlords as the Duke of Richmond, who continuously for a series of years reduced the rents of his tenants, in advance of any demand on their part, to the point at which cultivation under existing conditions yielded them a profit. Otherwise farming capacity must begin to deteriorate as soon as the cultivating family fails to make profit, because the first symptom of this failure is the inability to educate its children for agricultural pursuits.

In the distribution of the gross income from farm produce it appears that the farmer has not generally, or at least in the majority of cases, been in a position to adjust his expenditure to the diminished receipts, either in payment of rents, in the purchase of fertilizers, or in the payment

* Pp. 312-313. London, 1897.

of wages. Agricultural labor costs proportionately more and is still less efficient, hence less productive, than during the period of higher prices. Up to 1892 at least, the farm-laborer received an increasing share, relatively speaking, out of gross receipts of the farm. If gross receipts be taken as 100, the share of the laborer for the years 1875-81 would be 35.6, for 1882-88 it would be 41.9, and for 1889-95 the percentage rises to 54.6. The British farmer's manual labor bill amounts to 30 per cent of his total expenditure. Meanwhile the market value of his produce has fallen from a fourth to half its former value, though cost of production has not really been reduced, if it has not in many cases actually increased. It is true that rents have fallen; the landlord's loss has not been by any means so great as that which falls upon the farmer, either from the fall in the prices of produce or in decrease of gross income. The proportion of farm capital required for fertilizing to make "high farming" pay is also greater than ever now. Hence neither the landlord nor the laborer holds the critical position in the British agricultural situation. The most indispensable class in the rural economy of the nation is now, as always, the class which accumulates the agricultural experience of the world and consecrates it to the superior utilization of the soil. Under normal conditions of economic freedom the active farmer would be equal to the exigencies of this crisis. But agriculture is the only organic division of economic enterprise in which Great Britain does not admit of a normal degree of economic freedom. The farmer is not only hampered by social institutions, but his lease calls still for the cultivation of crops and rotations that are no longer profitable. His situation resembles that of the tenant of the cotton lands of the Southern States, who must cultivate an unprofitable crop to get credit enough to live till he can put out another losing crop. Moreover, the English farmer's tenure is too precarious to enable him to co-operate with his fellow-farmers in the formation of credit associations

such as the Bavarians have developed, in order to command capital to embark upon more profitable crops and more advantageous varieties of culture.

These economic conditions taken as a whole tend to the following general results in the life of the nation:

1. The exhaustion of the working capital of farmers as a class, extinguishing free capital, destroying credit and diminishing the fertility of the land, thus rendering readjustment of agriculture to new conditions more difficult and more tardy, and even breaking up the rural social organization entirely.

2. The inability of the country communities to employ the productive portion or to support the dependent portion of the population, and the consequent transfer of this burden to the cities to enter the already congested ranks of commerce, industry and personal service, or to find refuge in some open or disguised form of public relief.

3. The necessity of some more elaborate system of relief or support in the struggle for existence due to this pressure upon the working classes, such as old-age pensions, to the acceptance of some form of which many of the most far-seeing minds now believe the nation to be inevitably committed.

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